

Message Text

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SUBJECT FINANCE MINISTER FOURCADE INTERVIEW WITH
LE FIGARO

LE FIGARO OF JANUARY 7 PUBLISHED INTERVIEW GIVEN
BY FINANCE MINISTER ROURCADE TO ALAIN VERNAY AT
JAMAICA, PRIOR TO OPENING OF MEETING. HIGHLIGHTS
OF INTERVIEW AS FOLLOWS:

1. JAMAICA MEETING: GIVEN SEPTEMBER AGREEMENTS ON
QUOTAS AND GOLD, TOGETHER WITH RAMBOUILLET AGREEMENT
ON EXCHANGE RATES, HE SEES NO REASON WHY AGREEMENT
CANNOT BE REACHED AT JAMAICA.

2. GOLD AGREEMENT: FOURCADE EXPECTED GOLD AGREEMENT
TO COME UNDER TWO KINDS OF ATTACKS "U.S.
CONGRESSMEN AND SUSPICIOUS INTELLECTUALS" AFRAID
IT WOULD RESTORE GOLD STANDARD, AND, "MORE SERIOUSLY",
LDCS WHO SEE IT AS HELPING RICH MORE THAN POOR. FOR
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THIS REASON, HE INTENDS TO WORK FOR AGREEMENT AT

JAMAICA THAT MAJOR INDUSTRIAL COUNTRIES, ESPECIALLY THOSE WHO HAVE RESTORED THEIR PAYMENTS BALANCES, GIVE ONE PERCENT OF THEIR NATIONAL INCOME TO ODA ("AIDE PUBLIQUE"). ANOTHER IMMEDIATE MEANS OF HELP IS ONE-SIXTH OF IMF GOLD-STOCK EARMARKED FOR SALE TO BENEFIT LDC'S. FOURCADE NOTED THAT "EVIDENTLY," THIS PLAN IMPLIES "THAT ONE DOESN'T BEHAVE LIKE A NINNY"; COUNTRIES MUST "REFRAIN FROM DOING ANYTHING TO DIMINISH THE CAPITAL GAIN" ON THE SALE, FOR EXAMBLE "BY "OPPOSING THE ROLE OF INSTITUTIONAL BUYERS IN PREVENTING COLLAPSE ("EFFONDREMENT") OF MARKET PRICE". THIS OPPOSITION, HE NOTED, IS BASED "ON THE PRETEXT THAT THIS WOULD BE CONTRARY TO FUND REGULATIONS IF DONE PRIOR TO RATIFICATION (OF AMENDMENTS) BY PARLIAMENTS." "SHY", HE CONTINUED, "SHOULD SOME CHAPTERS OF THE FUND (ARTICLES) BE INVIOABLE WHILE OTHERS, CONCERNING EXCHANGE RATES, ARE CONSTATNTLY VIOLATED?"

IN REPLY TO QUESTION AS TO WHETHER U.S. "WOULD REFUSE TO TAKE A POSITION ON THIS QUESTON," BECAUSE OF CONGRESSIONAL HOSTILITY TO GOLD, FOURCADE REPLIED: "THE ACCORDS FORM A UNITY AND UNTIL NOW THE U.S. HAS DEMONSTRATED PERFECT LOYALTY TO THEM. ON A TECHNICAL LEVEL IT DOESN'T MATTER VERY MUCH WHETHER PREFERENCE IS GIVEN TO THE LAST PLAN OF TH GROUP OF 10, WHICH FORESEES THE REPURCHASE OF GOLD FROM THE FUND BY THE BANK FOR INTERNATIONAL SETTLEMENTS BUYING IT (GOLD) FOR THE ACCOUNT OF CENTRAL BANKS, OR WHETHER ONE RETURNS TO THE SYSTEM DEVISED AT ZEIST IN 1974, WHEREBY THE FUND WOULD ONLY BE NOTIFIED THAT EUROPEAN CENTRAL BANKS WILL BE BUYING, WHICH WOULD PERMIT THE U.S. TO ABSTAIN."

FOURCADE WAS THEN ASKED AT WHAT PRICE LEVEL FRANCE WOULD BE WILLING TO BUY GOLD FROM THE FUND. HE REPLIED THAT FRANCE "WOULD ACT ACCORDING TO ITS OWN INTERESTS. THAT IS TO SAY, ON THE BASIS OF ITS RESERVE LEVELS AND AS A FUNCTION OF THE MARKET PRICE... FRANCE DOES NOT WANT TO RECONSTITUTE ANY OFFICIAL GOLD PRICE. GOLD IS NO LONGER THE CENTER OF THE INTERNATIONAL MONETARY SYSTEM. THERE IS NO GOING BACK TO THAT."

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3. QUESTIONS STIL REMAINING.

FOURCADE WAS AKED THAT QUESTIONS WOULD STILL REMAIN ASSUMING AGREEMENT WAS REACHED AT JAMAICA AS HE HOPED. HE NOTED TWO:

A. "THE FIRST IS THE NEED TO ARRIVE AT SOME MASTERY OF THE MOVEMENTS OF INTERNATIONAL LIQUIDITIES, ESPECIALLY QURO-DOLLARS WITH ALL DUE DEFERENCE TO

THE BRITISH WHO ARE AGAINST THIS."

B. "THE SECOND ESSENTIAL NEED IS TO DEVISE
A STRATEGY FOR SDRS IN SUCH A WAY THAT THEY WILL COME
TO OCCUPY THE CENTRAL POSITION IN THE INTERNATIONAL
MONETARY SYSTEM."

4. HOPES FOR FIXED RATES CONTINUE-

FOURCADE SPECULATED ON THE FUTURE AS FOLLOWS:
"IF THE FLUCTUATIONS AMONG THE LEVELS OF THE DOLLAR,
THE YEN AND THE 'SNAKE' ARE LOW DURING 1976, PERHAPS
IT WOULD NOT BE IMPOSSIBLE THEREAFTER TO FIX A CENTRAL
RATE FOR THESE CURRENCIES RELATIVE TO THE SDRS, WITH
A SMALL MARGIN OF FLUCTUATION. COULDN'T THAT BE
ONE OF THE WAYS BY WHICH, ONE DAY, WE COULD RETURN
TO A MORE STABLE RATE?
RUSH

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